

Message Text

CONFIDENTIAL

PAGE 01 QUITO 04149 211919Z

50

ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 IGA-02 EB-11 COA-02 L-03 SP-03

CIAE-00 MMS-03 CU-04 AGR-20 COME-00 NSC-07 OMB-01

OPIC-12 TRSE-00 DRC-01 ARAE-00 RSC-01 /111 W

----- 111955

P 211819Z JUN 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC PRIORITY 1494

C O N F I D E N T I A L QUITO 4149

E.O. 11652: GDS

TAGS: EAID, EC, PFOR, EFIS, MASS

SUBJ: PRE-IG MEETING FOR ECUADOR - AID ISSUE

REF: A. STATE 129389; B. QUITO 3801

1. WE WERE PLEASED WITH THE CONCLUSIONS ARRIVED IN THE PRE-IG TO RECOMMEND TO THE IG ACCEPTANCE IN PRINCIPLE OF OUR SEVEN-POINT PROPOSAL. WE ARE ALSO IN ACCORD WITH SHIFTING RESPONSIBILITY FOR CAPITAL INPUTS AND LOCAL COSTS OF AID PROJECTS TO GOE. USAID IN PART HAS ALREADY TRANSFERRED LOCAL COSTS TO GOE. STARTING IN CY 1975 LOANS 032, 033, AND 034 WILL NO LONGER FINANCE OPERATING COSTS (SEE QUITO 3656). ALL OTHER ACTIVE LOANS FINANCE LARGELY EXTERNAL COSTS.

2. WE REMAIN CONVINCED HOWEVER THAT CAPITAL ASSISTANCE LOANS DURING THE CASP PERIOD ARE AN ESSENTIAL ELEMENT IN OUR STRATEGY. ELIMINATION WOULD SEVERELY UNDERCUT OUR NEGOTIATING GAME PLAN TO SELL THE GOE ON LOAN FINANCING TECHNICAL ASSISTANCE PROJECTS WHICH UP TO NOW WERE GRANTS. WE WANT TO USE LIMITED CAPITAL INPUTS OF NEW LOANS AS CARROTS FOR ACCEPTANCE BY THE GOE OF THE SHIFT FROM GRANT TO LOAN FUNDING BY COUPLING ON-GOING TECHNICAL ASSISTANCE TO AN INTEGRATED CAPITAL ASSISTANCE LOAN PROJECT. OUR STRATEGY IS PREDICATED ON CONDITIONING THE GOE DURING

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 QUITO 04149 211919Z

THE CASP TIME FRAME THAT FUTURE ASSISTANCE BEYOND CASP

WOULD BE LIMITED TO LOAN FINANCING OF TECHNICAL SERVICES.
(OUR DEFINITION OF TECHNICAL SERVICES INCLUDES RELEVANT
PARTICIPANT TRAINING OUTSIDE ECUADOR.) WE THEREFORE
BELIEVE IG SHOULD NOT IMPOSE A CONDITION OF NO CAPITAL
ASSISTANCE LOANS AND WE URGE THAT IT DO NOT. HOWEVER,
WE ARE IN AGREEMENT TO ELIMINATE CAPITAL INPUTS IN LOANS
AT THE END OF THE CASP PERIOD.

3. IN ADDITION, WE NEED PROMPT APPROVAL PREVIOUSLY SUB-
MITTED EDUCATION PROPS WHICH WE WILL USE TO INITIATE
EDUCATION SECTOR CHANGEOVER NEGOTIATIONS IN ACCORDANCE
WITH TIME FRAME STATED IN REF B, PARA 17 AND ACCEPTED BY
PRE-IG IN REF A.

4. WE NOTE THAT THE LOAN TO FISHING INDUSTRY IS TIED TO
"TO IMPLEMENT A NEGOTIATED SETTLEMENT OF FISHING DISPUTE."
WE WOULD NOT WISH TO LINK LOAN TO THE FISHING INDUSTRY
DIRECTLY TO "SETTLEMENT" OF THE FISHING DISPUTE. OUR
EFFORTS HAVE BEEN AIMED AT AN INTERIM AGREEMENT BECAUSE
OF OUR BELIEF THAT A SETTLEMENT, WITH ALL THE FINALITY
THAT WORD IMPLIES, WILL ULTIMATELY BE REACHED ONLY IN
AN INTERNATIONAL UNDERSTANDING, AND NOT THROUGH A BI-
LATERAL OR INDUSTRY-TO-INDUSTRY ARRANGEMENT. A LOAN
HELPING DEVELOP THIS INDUSTRY CAN BE A USEFUL TOOL IN
HELPING PROMOTE FURTHER FORWARD MOVEMENT, ONCE THERE IS
CLEAR EVIDENCE OF SIGNIFICANT PROGRESS ALREADY HAVING BEEN
MADE.
BREWSTER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, MEETINGS, CASP, AID RECIPIENTS, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 21 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CollinP0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974QUITO04149
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740163-0565
From: QUITO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740624/aaaaauhq.tel
Line Count: 89
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: A. STATE 129389; B. QUITO 3801
Review Action: RELEASED, APPROVED
Review Authority: CollinP0
Review Comment: n/a
Review Content Flags:
Review Date: 12 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 SEP 2002 by cunninfx>; APPROVED <14 FEB 2003 by CollinP0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRE-IG MEETING FOR ECUADOR - AID ISSUE
TAGS: EAID, PFOR, EFIS, MASS, EC, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005